

Message Text

PAGE 01 STATE 101391

20

ORIGIN EA-14

INFO OCT-01 ISO-00 PM-07 NSC-07 SP-03 SS-20 RSC-01 SR-02

ORM-03 CIAE-00 DODE-00 INR-10 NSAE-00 PA-04 USIA-15

PRS-01 /088 R

DRAFTED BY EA/P:STAFF:PP

APPROVED BY EA/P:AHROSEN

----- 033768

R 152204Z MAY 74

FM SECSTATE WASHDC

TO AMEMBASSY SAIGON

INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

USDEL JEC PARIS

USSAGE

CINCPAC

COGARD

XMT AMEMBASSY SUVA

UNCLAS STATE 101391

COGARD FOR POLAD

E.O. 11652: N/A

TAGS: PFOR, XC, US

SUBJECT: MAY 15 EA PRESS SUMMARY

INDOCHINA

1. COALITION GOVT FONMIN (AND PL SEC GEN) PHOUMI CHARGES
US CONTINUES SPY FLIGHTS OVER LAOS IN VIOLATION OF
C-F, SAYS FLIGHTS CREATE "BAD ATMOSPHERE" BETWEEN
LAO AND US PEOPLE AND CAUSE "DIVISIONS IN THE COUNTRY"
UNCLASSIFIED

PAGE 02 STATE 101391

BETWEEN THE TWO SIDES." US EMBASSY SPOKESMAN REFUSES
COMMENT (AP SUN, PHINQ; CSM). VIENTIANE SOURCES SAY
US WILL CONTINUE FLIGHTS OVER PL AREAS TO KEEP TABS
ON NORTH VIETS FOR THE GVN (AP SUN, PHINQ).

2. INDONESIA THREATENS TO PULL OUT OF ICCS UNLESS C-F VIOLATIONS STOP (CSM; CHITRIB). GOI INFO MINISTER AT PRESS CONFERENCE IN JAKARTA WARNS THAT IF CONFLICTING PARTIES IN VN DO NOT COMPLY WITH C-F, "INDONESIA THINKS ITS PARTICIPATION IN ICCS WILL BE NO LONGER USEFUL" (AP SUN, PHINQ; CHITRIB). FOUR-NATION ICCS WHICH OPERATES ON PRINCIPLE OF UNANIMITY HAS BEEN PARALYZED SINCE ITS INCEPTION BY E-W IDEOLOGICAL SPLIT (AP, PHINQ). INDOS ACCUSED BY HANOI AND VC OF INSUFFICIENT IMPARTIALITY IN ICCS ROLE. OTHER ICCS SOURCES SAY JAKARTA STATEMENT CAME AS SURPRISE, BUT NO PREPARATIONS APPARENT FOR INDO PULLOUT (REUTER SAIGON).

3. DIPLOMATIC SOURCES REPORT THAT NATL ASSEMBLY EXTENDS GKR EMERGENCY WAR POWERS FOR SIX MONTHS (CSM; AP SUN, PHINQ). MIL SOURCES SAY GKR REINFORCEMENTS HALT REBEL ADVANCE ON KOMPONG SOM BUT MORE SCATTERED FIGHTING OCCURS EAST OF CITY THREE MILES FROM AIRPORT (AP, NYT).

4. ELIZABETH BECKER (WP) WRITES FROM KOMPONG SOM THAT REBEL ATTACKERS OUTNUMBER GKR DEFENDERS; QUOTES FANK LT. THAT ENEMY IS "BETTER EQUIPPED THAN WE" WITH CAPTURED US MATERIAL. FORESTED HILLS THAT SHELTER CITY GIVE COVER TO 7000 INSURGENTS, AND FANK MAJOR BELIEVES AIRPORT MAY BE PRIMARY TARGET. CAPTURE WOULD ISOLATE NEARBY KAMPOT AND CUT LINK WITH PP. BECKER RECOUNTS ENEMY CAMPAIGN AGAINST FIRST KAMPOT AND THEN KOMPONG SOM, FALL OF NINE GKR POSITIONS ALONG ROUTE 4, AND GKR ASSEMBLY OF 4000 TROOPS TO MAKE STAND AT AIRPORT. GKR REINFORCED KOMPONG SOM DEFENDERS, BUT REBELS ALSO BROUGHT IN MORE TROOPS. FANK MAJOR BELIEVES AIRPORT CAN HOLD FOR "ABOUT A WEEK," AND REFUSES TO ARM CIVIL-DEFENSE UNITS BECAUSE HE DOES NOT KNOW "POLITICAL PERSUASION OF THE PEOPLE." LAST FALL LOCAL TROOPS RIOTED FOR FOOD AND PAY AND "ONLY A TRIP BY...SOSTHENE UNCLASSIFIED

PAGE 03 STATE 101391

FERNANDEZ QUELLED THE REBELLION." MERCHANTS CLOSE SHOPS FOR FEAR THAT SOLDIERS MAY RIOT; SOME FOODSTUFFS SCARCE AND PRICES RISE.

KOMPONG SOM IS MAJOR REFUGEE CENTER WITH 10,000 IN CAMPS, BUT TWO MAJOR CAMPS OUTSIDE CITY CONSIDERED INSECURE BY CIVIL AUTHORITIES. GKR NAVY GUARDS PORT AND ISLANDS AND ITS BASE AT REAM, 15 MILES FROM KOMPONG SOM, IS SECURE. KAF T-28S SUPPORT INFANTRY BUT GKR STRATEGY, TO GET KHMER ROUGE OUT OF HILLS BY HEAVY AIR AND ARTILLERY BOMBARDMENT, IS NOT WORKING. GKR GARRISON DOES NOT EXPECT MORE REINFORCEMENTS FROM PP AND TRIES TO FILL RANKS WITH REFUGEE VOLUNTEERS.

BECKER ADDS THAT KOMPONG SOM AND KAMPOT ARE NOT THE ONLY THREATENED PROVINCIAL CAPITALS, BUT LONG VEK, THE PP SUBURB OF TAKHMAU AND KOMPONG THOM HAVE ALSO BEEN UNDER ATTACK RECENTLY.

CHINA

5. DIPLOMATIC SOURCES IN PEKING SAY CHOU EN-LAI SUFFERING FROM HIGH BLOOD PRESSURE AND DOCTORS HAVE ADVISED THAT HE RESTRICT MOVEMENTS. SOURCES WERE IN CONTACT WITH BHUTTO DELEGATION, BUT REPORT NOT CONFIRMED BY ANY PRC SOURCES (WP).

6. JOC'S STRAUSS, IN HK, REPORTS ANNOUNCEMENT OF KODAK FAR EAST GENERAL MANAGER PROPER THAT FIRM IS INTERESTED IN IMPORTING OPTICAL GLASS FROM PRC. AS MEMBER OF 6-MAN KODAK TEAM THAT VISITED CANTON FAIR LAST WEEK, PROPER SAYS KODAK HAS RECEIVED SAMPLES OF CHINESE GLASS AND SUBJECTED THEM TO INITIAL TESTS THAT TURNED OUT VERY WELL, BUT FURTHER TESTS REQUIRED; TEAM ALSO HAD "VERY RARE" MEETING WITH CHINESE END-USERS -- MOTION PICTURE MAKERS, GRAPHIC ARTS REPS, ETC.

7. NYPOST'S RICHARD WATTS REVIEWS W.L. TUNG'S "REVOLUTIONARY CHINA," WHICH IS BOTH AUTOBIOGRAPHICAL ACCOUNT AND COMMENTARY ON "TUMULTUOUS HISTORY OF HIS COUNTRY FROM 1926 TO 1949." IDENTIFIES TUNG AS SCHOLAR, DIPLOMAT UNCLASSIFIED

PAGE 04 STATE 101391

AND KMT FUNCTIONARY, AND "DEFENDER OF THE OLD REGIME, THOUGH HE SEES ITS FATAL WEAKNESSES... HE ALSO SEES THE WEAKNESSES OF CHIANG KAI-SHEK BUT THINKS HE WAS A GREAT WARTIME LEADER... WHERE I DISAGREE WITH HIM MOST IS IN HIS BELIEF THAT WE LET CHINA DOWN BY REFUSING TO SUPPORT CHIANG MORE STRONGLY."

JAPAN

8. AFP (TOKYO) SAYS TANAKA HAS EXPRESSED DETERMINATION TO REMAIN IN POWER FOR "A WHILE," AND SAID HE IS DETERMINED TO CARRY OUT HIS PROGRAM AIMED AT REMODELING JAPANESE ARCHIPELAGO (WP).

9. NAKASONE SAYS GOJ MAY LIFT PRICE GUIDELINES FROM SOME OF 53 BASIC ITEMS ON WHICH PRICES WERE FROZEN IN MID-MARCH TO COMBAT INFLATION; TELLS NEWSMEN HE HAS SUBMITTED LIST OF ITEMS TO TANAKA, BUT WOULD NOT NAME THEM (REUTER, NYT).

KOREA

10. REUTER SEOUL REPORTS AA GUNS AROUND PRESIDENTIAL MANSION FIRED WARNING SHOTS WEDNESDAY WHEN TWO UNIDENTIFIED AIRCRAFT APPROACHED CAPITAL. SK OFFICIALS DID NOT MENTION NATIONALITY OF AIRCRAFT, BUT SAID SCORES OF WARNING SHOTS WERE FIRED. PLANES WERE NOT HIT AND OBSERVERS TOOK OFFICIAL ANNOUNCEMENT TO MEAN WARNINGS WERE FIRED TO MAKE PLANES VEER AWAY FROM SEOUL'S FLIGHT CONTROL AREA. INTERNATIONAL AIRPORT CONTROL TOWER SAID NO CIVIL AIRCRAFT IN AREA WHEN WARNING SHOTS FIRED.

11. UNC'S GEN. MCLEOD LODGES PROTEST WITH NK PANMUNJOM DELEGATION AT MAC MEETING OVER NK FIRING ON TWO US ARMY HELICOPTERS NEAR DMZ THURSDAY. MCLEOD'S NK COUNTERPART REJECTS PROTEST, ASSERTS NK TROOPS TOOK PROPER SELF-DEFENSE ACTIONS WHEN COPTER INVADED NK AIR SPACE AND ENGAGED IN "ESPIONAGE ACTIVITIES" (NYT).

INDONESIA

UNCLASSIFIED

PAGE 05 STATE 101391

12. ARCO SAYS IT HAS DISCOVERED OIL AND GAS IN EXPLORATORY WELL IN JAVA SEA SOME 100 MILES NW OF ARDJUNA FIELD AND 70 MILES NW OF JAKARTA (WSJ).

13. JAKARTA REPORTS SAY 10 PERSONS DEAD OF CHOLERA AND 127 OTHERS ARE SUFFERING FROM DISEASE IN BANDUNG DISTRICT (AFP, WP).

MALAYSIA

14. MALAYSIAN ARMY SAYS IT HAS FOUND COMMUNIST GUERRILLA CAMP IN JUNGLES ONLY 10 MILES OUTSIDE IPOH. NEWS CORRESPONDENTS WERE GIVEN LOOK AT CAMP -- REPORTEDLY ONE OF LARGEST UNCOVERED RECENTLY -- IN WHAT GUIDES SAID WAS EFFORT TO EMPHASIZE GOVT. SUCCESSES AGAINST COMMUNISTS. DOCUMENTS SEIZED AT CAMP AND ELSEWHERE SHOWED GUERRILLAS WERE ORIENTED TOWARD CHINA, ACCORDING HOME AFFAIRS MINISTER GHAZALI (PHINQ).

LOS CONFERENCE

15. AP'S SPENCER DAVIS REPORTS FORECAST IN REPORT TO PACIFIC BASIN ECONOMIC COUNCIL THAT NATIONS BORDERING PACIFIC, INCLUDING US AND JAPAN, ARE LIKELY TO EXTEND THEIR CLAIMS TO TERRITORIAL JURISDICTION FROM 3 TO 12 MILES AT FORTHCOMING LAW OF THE SEA CONFERENCE. REPORT FOUND IT ALMOST CERTAIN THAT AUSTRALIA, CANADA, NZ AND US WILL SEEK TO EXPAND CONTROL OVER FISHERIES RESOURCES OFF THEIR COASTS DURING CONFERENCE. JAPAN REPORTEDLY WILL OPPOSE EXPANSION OF ECONOMIC JURISDICTION BEYOND 12-MILE LIMIT. REPORT, SUBMITTED BY K.C. GALE,

MANAGING DIRECTOR OF AUSTRALIAN COMPANY GOLLIN HOLDINGS, SAID AUSTRALIA WILL CLAIM EXCLUSIVE ECONOMIC JURISDICTION OVER SEAS AND SEABED OUT TO 200-MILE LIMIT FROM ITS COAST OR OUTER CONTINENTAL SHELF LIMIT, WHICHEVER IS GREATER, AND NZ LIKELY TO SUPPORT 200-MILE FIGURE. US BELIEVED PREPARED TO RECOGNIZE MAXIMUM LIMIT OF 12 NAUTICAL MILES, CONDITIONED ON AGREEMENT TO PERMIT FREE AND UNIMPEDED TRANSIT THROUGH STRAITS AND ARCHIPELAGOS

USED FOR INTERNATIONAL SHIPPING. ONE OF REASONS FOR UNCLASSIFIED

PAGE 06 STATE 101391

US QUALIFICATION IS THAT SOME 116 STRAITS AROUND WORLD WILL FALL WITHIN TERRITORIAL SEAS IF TERRITORIAL LIMIT IS EXTENDED WORLDWIDE TO 12 MILES (WP).

COMMENT AND ANALYSIS

VIETNAM

16. LAT'S MCARTHUR (MAY 13) IN SAIGON CITES "PRIVATE COMMUNICATION FROM DIPLOMATIC SOURCES IN HANOI" THAT VO NGUYEN GIAP, WHO DROPPED FROM PUBLIC VIEW ABOUT SIX MONTHS AGO, REAPPEARED IN HANOI AT ANNUAL CEREMONIES MARKING 20TH ANNIVERSARY OF FALL OF DIEN BIEN PHU. SOURCES SAY GIAP HAD BEEN UNDER MEDICAL TREATMENT IN USSR AND HAS NOT FULLY RECOVERED FROM SERIOUS ILLNESS. IT IS TRADITIONAL FOR GIAP TO GIVE MORALE-BUILDING MIL ASSESSMENT ON ANNIVERSARY. THERE ARE INDICATIONS THAT COMMUNIST LEADERSHIP WAS ANXIOUS TO INSURE GIAP'S PRESENCE THIS YEAR AS ANSWER TO SPECULATION THAT HE HAD BEEN SULKING AND IN DISFAVOR WITH OTHER POLITBURO MEMBERS. HE RETURNED FROM MOSCOW EARLY THIS MONTH, TRAVELLING UNDER ASSUMED NAME, AND SLIPPED BACK INTO HANOI WITHOUT FANFARE. SINCE HIS RETURN, THERE HAS BEEN NO EXPLANATION FOR HIS ABSENCE NOR ANY PUBLIC INDICATION THAT HIS INFLUENCE HAS WANED.

MCARTHUR SEES INDICATIONS THAT HANOI MIL POLICY WILL MORE THAN EVER BE DETERMINED BY COLLECTIVE LEADERSHIP, NOTING THAT TWO WEEKS BEFORE GIAP'S RETURN, POLITBURO REVEALED THAT ARMY CHIEF OF STAFF VAN TIEN DUNG HAD BEEN PROMOTED TO FULL FOUR-STAR GENERAL (A RANK PREVIOUSLY HELD BY GIAP ALONE) AND RAISED TO FULL MEMBERSHIP IN POLITBURO. IT IS NOW EVIDENT THAT DUNG -IDENTIFIED AS PROTEGE OF PARTY CHAIRMAN LE DUAN - HAS BEEN DIRECTING FORCE IN MIL AFFAIRS FOR PAST SEVEN MONTHS.

17. NY POST (MAY 14) REFERS TO VC BREAKING OFF CONFERENCES WITH SVN, EXPRESSING VIEW THAT INDEFINITE SUSPENSION OF CONFERENCES SEEMS LIKELY TO BE FOLLOWED BY EVEN MORE INTENSE WARFARE. SUPPORTS SENATE DECISION TO

REFUSE RISE IN US MILITARY SUPPORT FOR SAIGON.
UNCLASSIFIED

PAGE 07 STATE 101391

PHILIPPINES

PHILIPPINES

18. GLOBE'S CROCKER SNOW (MAY 12) REPORTS FROM ZAMBOANGA THAT PHIL AUTHORITIES ALLEGE THEY HAVE PROOF THAT LIBYA'S KADDAFI AND SABAH'S DATU MUSTAPHA AIDED AND ABETTED MOSLEM REBELS WITH ARMS AND MONEY. AUTHORITIES TOLD NEWSMEN PROOF CANNOT BE REVEALED TO WORLD AT LARGE, FOR FEAR THIS WOULD EMBARRASS THE MORE MODERATE ARAB COUNTRIES SUCH AS SAUDI ARABIA, CAUSING THEM, IN NAME OF ARAB SOLIDARITY, TO CUT OFF OIL. OBSERVES INHABITANTS, WHO FLED JOLO FIGHTING IN FEB, NOW DRIFTING BACK. COMMENTS THAT A FAR DEEPER DILEMMA FOR GOP THAN PHYSICAL DESTRUCTION OF JOLO IS THE PSYCHOLOGICAL ONE OF GAINING AND HOLDING ALLEGIANCE OF THE POPULATION, MAJORITY OF WHICH IN JOLO WAS SYMPATHETIC TO MOSLEM REBELS. CITES REAR ADMIRAL ESPALDON THAT "THE REBELS HAD THE MASS BASE. NOW THE PEOPLE KNOW THAT THE REBELS WILL CAUSE THEM MUCH MORE HARM THAN GOOD. I SAY DEFINITELY THAT THE CONTEST FOR JOLO IS OVER, AND YOU CAN QUOTE ME IN THE INTERNATIONAL PRESS ABOUT THAT." SNOW COMMENTS: "IT IS CLEAR THAT WHAT BEGAN IN MINDANAO AS A LOCAL MOSLEM MOVEMENT FOR BETTER TREATMENT HAS, IN THE LAST 18 MONTHS, GRADUALLY BECOME A MATTER OF REAL ASIAN REGIONAL IMPORT, WITH CHARGES AND COUNTER-CHARGES NOW EXTENDING ALL THE WAY FROM HERE TO THE ARAB WORLD."

JAPAN

19. LAT'S JAMESON (MAY 12) IN TOKYO DISCUSSES NATIONAL LAND USE LAW WHICH PARLIAMENT IS EXPECTED TO APPROVE THIS MONTH. LAW WILL PUT GOVT IN BUSINESS OF CONTROLLING LAND TRANSACTIONS AND SETTING PRICES FOR FIRST TIME SINCE 1950. PREFECTURAL GOVERNORS WILL BE EMPOWERED TO FIX BOUNDARIES FOR LAND CONTROL AREAS IN WHICH THEIR PERMISSION WILL BE NEEDED TO BUY AND SELL LAND. ELSEWHERE, SALE OF LARGE TRACTS WILL HAVE TO BE REPORTED TO GOVS, WHO PRESUMABLY COULD USE JAWBONING TACTICS
UNCLASSIFIED

PAGE 08 STATE 101391

TO INFLUENCE PRICES AND USE OF THE LAND. TANAKA, WHO INITIATED PLAN, SAYS HE WANTS GOVS TO FREEZE LAND PRICES AT ABOUT 70 TO 80 PERCENT OF PRESENT LEVELS. JAMESON NOTES THAT LAND SPECULATION HAS VIRTUALLY WIPED OUT AVERAGE WAGE EARNER'S DREAM OF OWNING OWN

HOME. IN 1972 LAND PRICES THROUGHOUT NATION ROSE BY AVERAGE OF 30.9 PERCENT; 1973, THEY ROSE 32.4 PERCENT TO BRING AVERAGE PRICES TO 1.95 TIMES WHAT THEY WERE THREE YEARS AGO. HOKKAIDO TOPS LIST WITH ONE-YEAR INCREASE IN AVERAGE LAND PRICES OF 75.6 PERCENT.

20. CHITRIB'S KIRK (MAY 11) IN TOKYO RELATES DELAY IN HODGSON'S CONFIRMATION AS AMBASSADOR TO JAPAN TO JSDF'S SHOPPING AROUND FOR NEW PLANES - ORDERS FOR WHICH MIGHT TOTAL MORE THAN TWO BILLION DOLS. QUESTION ARISES WHETHER HODGSON'S PRESENCE WOULD AFFECT LOCKHEED'S INTERESTS. CITES UNOFFICIAL AMERICAN SOURCE THAT "IT WOULD BE LIKE THE JAPANESE TO DECIDE TO 'TILT' IN FAVOR OF LOCKHEED AS A MATTER OF WINNING THE FAVOR OF THE AMBASSADOR FOR SOME OTHER PURPOSE." HODGSON IN SENATE HEARINGS HAS POINTED OUT THAT HE WAS INVOLVED IN LABOR MANAGEMENT RATHER THAN SALES DURING LONG CAREER WITH LOCKHEED. HOWEVER, KIRK TAKES VIEW THAT THIS IS UNLIKELY TO KEEP JAPANESE GOSSIPS AND ANALYSTS FROM SPECULATING ON THE RELATIONSHIP BETWEEN US BUSINESS AND JAPANESE "MILITARISM" - A POLITICALLY EXPLOSIVE TOPIC IN JAPAN UNDER ANY CIRCUMSTANCE. OBSERVES THAT SYMINGTON WAS ASKING HODGSON SOME UNUSUALLY TOUGH QUESTIONS AT HEARINGS, BUT AMERICAN SOURCES BELIEVE THAT HODGSON APPOINTMENT WILL BE APPROVED IN NEAR FUTURE. THEY SAY THAT SYMINGTON HAS TO SATISFY MCDONNELL-DOUGLAS INTERESTS, SINCE HE REPRESENTS MISSOURI.

AUSTRALIA

21. FROM SYDNEY, LAT'S LAMB (MAY 12) SUGGESTS THAT MAY 18 ELECTION WILL BE CLOSE, NOTING THAT OPPOSITION LIB-COUNTRY COALITION IS NOW RUNNING IN DEAD HEAT WITH ALP. RECALLS THAT IN DEC. 1972 ALP VICTORY WAS WON IN MIDDLE-CLASS SUBURBS OF SYDNEY AND MELBOURNE WHERE ELECTORATE SOMEWHAT WARILY OPTED FOR CHANGE
UNCLASSIFIED

PAGE 09 STATE 101391

OVER LP LETHARGY. CITES ANALYST MALCOLM MACKERRAS THAT STRIKING THING ABOUT '72 ELECTION "WAS THE NARROWNESS OF LABOR'S VICTORY DESPITE THE COMPLETE DISSATISFACTION WITH THE LIBERALS THROUGHOUT THE COMMUNITY. PEOPLE WERE THAT FEARFUL OF PUTTING LABOR IN." BENEATH TWO MAJOR SURFACE ISSUES OF FOREIGN OWNERSHIP IN AUSTRALIA AND INFLATION, ELECTION SEEMS TO HANG ON "ONE SUBTLE PONDERABLE": WHERE WILL THE VOTER FIND A BALANCE BETWEEN HIS LONG-LINGERING FEAR OF SOCIALISM AND HIS NEW-FOUND PRIDE IN NATIONALISM? IN APPARENT ELABORATION, QUOTES SYDNEY MORNING HERALD THAT "THERE ARE IN AUSTRALIA MANY PEOPLE WHO HAVE BEEN SURPRISED, BEWILDERED OR SHOCKED BY THE WHITLAM GOVERNMENT'S CONTEMPT FOR TRADITION, FOR TRADITIONAL LOYALTIES TO OLD FRIENDS AND FOR OUR

INHERITED FEDERAL FORMS."

CAMPAIGN HAS PRODUCED SURPRISINGLY FEW MAJOR POLICY DIFFERENCES BETWEEN PARTIES; ATTRIBUTES THIS PARTIALLY

TO FACT THAT BY US STANDARDS, AUSTRALIAN CAMPAIGN RESEMBLES A MUNICIPAL MORE THAN A PRESIDENTIAL ELECTION. CANDIDATES ARE MORE INVOLVED WITH PETTY NUTS-AND-BOLTS DETAILS THAN WITH ANY GRANDIOSE SCHEMES TO MARSHAL NATIONAL RESOURCES AND MOVE THE NATION AHEAD. AN ON-CAMERA AUDIENCE WITH DAVID FROST IS CONSIDERED THE HEIGHT OF POLITICAL ACHIEVEMENT, AND HARDLY AN EYEBROW WAS RAISED THE OTHER DAY WHEN WHITLAM TOLD A RADIO INTERVIEWER THAT HIS WIFE, MARGARET, "WAS GOOD IN BED."

ONE AREA OF PARTY DIFFERENCES IS IN FOREIGN INVESTMENT. MINING COMPANIES, FOR INSTANCE, HAVE MADE TWO BILLION IN PROFITS DURING LAST 6 YEARS AND TAKEN 60 PERCENT OF IT OUT OF AUSTRALIA. WHITLAM IMPLIES THAT DAYS OF MULTINATIONAL COMPANIES ARE LIMITED UNLESS AUSSIES HOLD MAJORITY OWNERSHIP. SNEDDEN FAVORS RESTORATION OF CONCESSIONS TO ATTRACT OVERSEAS INVESTMENT. IN FOREIGN AFFAIRS, WHITLAM WOULD CONTINUE INDEPENDENT POLICY, "MORAL ALIGNMENT" WITH THIRD WORLD, WHEREAS SNEDDEN WOULD BE MORE CAUTIOUS, "REPAIR DAMAGED FEELINGS BETWEEN CANBERRA AND WASHINGTON," AND "RENEW CONTRACTS" UNCLASSIFIED

PAGE 10 STATE 101391

AT US BASES WHEN THEY EXPIRE - SOMETHING WHITLAM "IS UNWILLING TO DO."

22. LAMB (LAT MAY 12) ALSO WRITES SHORT FEATURE ON INEFFICIENCY OF POSTAL SERVICE. MORE THAN ONE MILLION LETTERS WERE STACKED UP IN SYDNEY MAIL EXCHANGE LAST WEEK. LOCAL MAIL IS TAKING A WEEK TO REACH ADDRESS A BLOCK AWAY AND INTERCITY MAIL UP TO A MONTH. FEW BUSINESSES RELY THESE DAYS ON POST OFFICE; THEY HAVE TURNED TO FASTEST GROWING PRIVATE COURIER ENTERPRISES IN SYDNEY. POSTMASTER GENERAL ADMITS INEFFICIENCY, AND RECENTLY WARNED POSTAL WORKERS UNION THAT ITS ACTION - OR LACK OF ACTION - COULD HAMPER ALP CHANCES OF RE-ELECTION MAY 18.

23. WSJ'S HARTLEY VISITING CANBERRA REPORTS THAT WHATEVER THE ELECTION OUTCOME, AUSTRALIA WILL CONTINUE INDEPENDENT COURSE. THE OLD AUSTRALIA, UNCERTAIN OF ITS PLACE IN THE WORLD AND DEPENDENT ON US RELATIONSHIP, IS GONE AND WHITLAM'S OPPONENTS REALIZE THERE ISN'T ANY POLITICAL MILEAGE IN TURNING BACK THE CLOCK. SO IF LABOR LOSES, CHANGES WILL BE MORE IN STYLE THAN SUBSTANCE. ANZUS RECEIVES LIP SERVICE AT BEST, THOUGH

BOTH PARTIES CALL IT "FUNDAMENTAL." WHILE LIBS TALK OF RESTORING "SPECIAL RELATIONSHIP" WITH US, SOME QUESTION WHETHER SUCH A RELATIONSHIP EXISTS EVEN ON PART OF AMERICANS. AN AUSSIE DIPLOMAT REMARKED THAT

US POLICY HAS UNDERGONE FUNDAMENTAL CHANGE, AND "THE FEELING IS THAT THE SPECIAL RELATIONSHIP BECAME IRRELEVANT TO THE US BEFORE IT DID TO US." SOME DIFFERENCES RE US REMAIN; WHITLAM WOULD PERMIT BASE AGREEMENTS TO EXPIRE, WHILE LIBS WOULD KEEP THE BASES. BUT LIBS WOULD NOT UNDO RECOGNITION OF PRC AND DRV, OR SEND BACK TO SINGAPORE THE 1800 AUSSIES THERE UNDER ANZUK WHO ARE NOW BEING PULLED OUT.

WHILE LIBS WOULD TRY TO BRING IN FOREIGN INVESTMENT, CONTROLS WOULD CONTINUE, AND THE PROBLEM IS HOW TO STIMULATE FOREIGN INVESTMENT SELECTIVELY AND STILL PROMOTE LOCAL EQUITY; AUSSIES ARE "NOTORIOUSLY RELUCTANT" UNCLASSIFIED

PAGE 11 STATE 101391

TO INVEST IN LONG-TERM VENTURES.

CHINA

24. UPI HONG KONG (BALTO N-A MAY 14) NOTES CHOU'S "I AM NOT VERY WELL BECAUSE I AM OLD" EXPLANATION FOR FAILURE TO ATTEND FUNCTIONS FOR BHUTTO, OBSERVING THAT ADVANCING AGE WAS PROBLEM FACING MANY CHINESE LEADERS. MAO IS 80; TWO OF REMAINING 24 POLITBURO MEMBERS ARE 88 AND ONE IS 82; TENG HSIAO-PING AND LI HSIEN-NIEN, WHO SEEM TO BE TAKING OVER SOME OF CHOU'S FUNCTIONS, ARE 70. BUT CHINA-WATCHERS HAVE INCREASINGLY SPECULATED ABOUT CHOU BEING PRIME TARGET IN CHINA'S CURRENT POLITICAL STRUGGLE, NOTING THAT SOME OF HIS POLITICAL RIVALS HAVE INCREASED ATTACKS AGAINST SOME OF CHOU'S KEY POLICIES, SUCH AS EASING TENSIONS WITH US, INCREASING RELIANCE ON CAPITALIST TECHNOLOGY AND ADOPTING MORE PRAGMATIC ECON PROGRAMS.

25. CHITRIB'S KIRK IN MACAO REPORTS COLONY VIRTUALLY UNAFFECTED BY "WINDS OF REVOLUTION IN THE MOTHER COUNTRY." HOWEVER, CENSORSHIP WAS ABOLISHED ABOUT WEEK AGO AND NEW POLITICAL ORGANIZATION - THE DEMOCRATIC CENTER - HAS EMERGED. EDITOR OF PORTUGUESE DAILY SAYS HE CAN NOW PUBLISH NEWS AS HE WISHES WITHOUT SUBMITTING IT TO CENSOR. AND DEMOCRATIC CENTER, MADE UP ENTIRELY OF LOCAL PORTUGUESE, EVERY NOW AND THEN CRITICIZES LOCAL ADMINISTRATION - SOMETHING THAT NEVER HAPPENED BEFORE. INDICATES THAT MACAO'S PRESENT, AS WELL AS FUTURE, IS INEXTRICABLY LINKED WITH HK'S. CITES PORTUGUESE RESIDENT THAT "THE CHINESE WON'T DO ANYTHING TO MACAO UNTIL THEY DECIDE WHAT TO DO WITH HONG KONG," WHICH

EARNED PEKING 700 MILLION DOLS IN EXPORT TRADE LAST YEAR. EVERYONE ASSUMES CHINA GETS SHARE OF MACAO'S CASINO EARNINGS - AND EVERYTHING ELSE THAT GOES ON IN COLONY. CONDUIT FOR FUNDS WOULD BE CHINESE CHAMBER

OF COMMERCE, RUN BY HOY IN, WIDELY KNOWN AS "PEKING'S MAN IN MACAO."

PORTUGUESE PRIVATELY ADMIT THAT CHINA CONTROLS ALL
UNCLASSIFIED

PAGE 12 STATE 101391

OF MACAO'S SCHOOLS, LABOR UNIONS - EVEN MOST BUSINESS - THROUGH CHINESE CHAMBER OF COMMERCE. RATHER THAN RISK THEIR HOLD ON MACAO, PORTUGUESE BUREAUCRATS LET CHINESE HAVE THEIR WAY WITHIN FRAMEWORK OF PORTUGUESE ADMINISTRATION. "WHAT ELSE CAN YOU DO WITH 350,000 CHINESE LIVING HERE AND ONLY 8,000 OF US?" ASKS PORTUGUESE OFFICIAL.

KOREA

26. SUN'S SEIDEN IN SEOUL INTERVIEWS STUDENTS OF MAJOR SK UNIVERSITY. DESCRIBES STUDENTS, WHO MUST REMAIN ANONYMOUS, AS "MIXTURE 8? THE LUCKIEST AND THE BRIGHTEST...THEY ARE EITHER THE SONS OF THE RICH AND POWERFUL OR KOREA'S BEST STUDENTS - OR BOTH." CITES ONE STUDENT THAT "EVERYONE IS SCARED TO DEATH" BECAUSE ALL HAVE CLASSMATES WHO HAVE BEEN ARRESTED AND JUST DISAPPEARED, WITH NO CHARGES OR TRIAL, ADDING, "THEIR ONLY CRIME WAS BELIEVING IN DEMOCRACY." STUDENT SAYS STUDENTS HAVE NO LEADERS SINCE "BRAVE ONES ARE ALL IN JAIL"; ANOTHER ASSERTS THAT FEW WHO HAVE BEEN RELEASED KEEP THEIR MOUTHS SHUT, FEARING KCIA. STUDENT DECLARES THAT "WE CAN ONLY TALK LIKE THIS WITH A FOREIGNER. WITH OUR OWN PEOPLE WE NEVER KNOW WHO MAY BE WORKING FOR THE GOVERNMENT." SOURCE CONTENTS "WE ARE ANTI-COMMUNIST TO THE BONE MARROW," AND ASSUMES "THAT COMMUNISM IN THE NORTH IS EVEN WORSE THAN WHAT WE'VE GOT."
RUSH

UNCLASSIFIED

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 27 JUL 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, COALITION GOVERNMENT, ESPIONAGE, WITHDRAWAL OF MEMBERSHIP, GOVERNMENT OVERTHROW, PARAMILITARY FORCES, PRIME MINISTER, AIRSPACE VIOLATIONS, TRUCE OBSERVERS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE101391
Document Source: ADS
Document Unique ID: 00
Drafter: EA/P:STAFF:PP
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D740120-0842
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740588/abbrzcto.tel
Line Count: 530
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 10
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 25 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 OCT 2002 by cunninfx>; APPROVED <06 JAN 2003 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MAY 15 EA PRESS SUMMARY
TAGS: PFOR, XC, US, LA, ID, CB, CH, ICCS, (CHOU EN-LAI)
To: SAIGON INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS
BIEN HOA
CAN THO
DANANG
HONG KONG
NHA TRANG

JEC PARIS
USSAGE
CINCPAC
COGARD
XMT SUVA
Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005